

Feedback Form

Long-Term 2 (LT2) RFP – May 23, 2024

Feedback Provided by:

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Organization: Advanced Energy Management Alliance

Date: June 10, 2024

To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP May 23, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by June 7, 2024.

LT2 RFP Energy + Capacity Streams

Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the LT2 RFP Energy and Capacity streams?

DER Exclusion

AEMA disagrees with the suggestion to exclude aggregated DERs and DERs < 1 MW from LT2 and we strongly discourage the IESO from doing so.

We appreciate that the IESO has listened to stakeholder concerns regarding the troubling misalignment between the ERP and LT2 timelines which introduces substantial risk and uncertainty for proponents.

Where we differ from the IESO is the solution.

Rather than “kicking the can” on DERs, the IESO should allocate sufficient resources to fully enable DER participation in LT2 on equal footing with other resource types. This would align the IESO with competing North American markets that continue to be more supportive of DER development.

The lagging ERP timeline is a critical stumbling block in this regard. AEMA members were informed that an updated foundational model was to be presented in Q1 2024, but it appears that no engagement activity has taken place since October 2023. Members previously met with the IESO team in February (at AEMA’s initiative) in an attempt to clarify and narrow down areas of uncertainty arising from ERP so as to mitigate project risk. Members were told that further ERP developments were imminent. Four months have since passed.

Bringing new resource types into an established market with incumbent participants requires a serious commitment and timely partnership between developers and system operator to deliver results for ratepayers. The IESO’s latest suggestion in respect of DER participation undermines confidence in this regard.

Recognizing resource constraints, if the IESO wishes to prioritize certain aspects of DER inclusion, the AEMA suggests that facilitating the participation of aggregated resources and behind-the-meter resources in LT2 are essential measures and should take priority over facilitating resources < 1 MW. Ultimately, however, each of these features will be required to achieve DER integration.

Our previous submissions regarding DER inclusion are copied here for ease of reference:

Comments submitted February 15, 2024

We support the comments submitted by Energy Storage Canada and we reiterate our previous comments regarding process clarity, BTM, and recognizing value (copied below for convenience).

In addition to those comments, we wish to further underscore the need for the IESO to provide a clear and realistic path for DER participation in this procurement. It has historically been the case that bringing new resource types to market requires a custom approach that accounts for the unique attributes and challenges associated with that resource. The IESO must therefore be prepared to allocate significant time and attention to working through this process with DER developers.

We recognize the ongoing work taking place under the Enabling Resources Program on this front; however, the misalignment between ERP and LT2 timelines appears to present its own set of challenges. If LT2 projects bids are due in 2025 and the foundational model under ERP is not to be codified until 1-2 later, this will present significant challenges for project planning and execution. The IESO should be prepared to shoulder the risks associated with a shifting regulatory landscape, particularly given that it is the IESO's own rules which are at issue. DER developers are unlikely to bid into LT2 without a mechanism (built into the LT2 contract or otherwise) that mitigates these risks.

Comments submitted January 15, 2024

Process Clarity

The IESO must ensure that a clear and commercially viable model for DER participation is in place well in advance of the targeted date for proposal submission (i.e. at least 1 year). Based on the December 13 engagement session it appears that DER participation is linked to or contingent upon the outcome of the ERP (which, in turn, appears to be partly contingent upon MRP). While we understand the need for coordination of parallel processes, we are concerned about the DER participation model being bogged down to the point that it becomes too late for proponents to respond in time to develop projects and meet deadlines. Without the necessary and timely certainty, LT2 will fail to incentivize new-build DERs.

BTM

If the IESO is seeking to unlock the value of DERs to the system, LT2 must include behind-the-meter DERs. Otherwise an enormous portion of DER development (potentially the vast majority) would be excluded. In the December 13 engagement session it was stated that aggregated DERs are expected to be enabled. The benefits of aggregation will not be realized unless BTM resources are included. (Benefits of aggregation include: enabling participation of smaller resources that could otherwise not compete, mitigating the impacts of intermittency, commercial efficiency for IESO).

Recognizing Value

To ensure value for ratepayers, LT2 should incentivize resources that offer the best value in particular circumstances. This could include price adders for location within priority distribution systems, absence of line losses, absence of incremental transmission demand, and other efficiency factors. Similarly, participation by a resource in LT2 should not preclude offering services to the distribution system and overall value stacking. These are not mutually exclusive.

Long-Lead Time Resources Procurement

| Topic | Feedback |
|---|-----------------|
| Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the Long Lead Time Resources Procurement? | |

MT2 RFP

| Topic | Feedback |
|--|-----------------|
| Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the MT2 RFP? | |

LT2 RFP Preliminary Connection Guidance Follow-Up

| Topic | Feedback |
|---|----------|
| Do you have recommendations for; addressing the previous feedback received; version 2 of the Guidance Document; and most specifically on the LT2 RFP capacity stream delivery approach the IESO is proposing. | |

E-PPA Revenue Model and E-PPA Energy Market Settlement Examples

| Topic | Feedback |
|--|----------|
| Do you have any questions or comments regarding the modified, “protected” version of the Enhanced Power Purchase Agreement (E-PPA) that the IESO has proposed? | |

General Comments/Feedback

Advanced Energy Management Alliance (“AEMA”) is a North American trade association whose members include distributed energy resources, demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. The comments herein represent those of the organization, not those of any individual member.